

Report of the Directors

The directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2007.

Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in note 11 to the financial statements.

Segment Information

The business activities of the Group are categorised into the manufacturing and trading of data storage media products, property development and wine production. Details of the segment information are set out in note 35 to the financial statements.

Financial Results

The loss and cash flows of the Group for the year ended 31 March 2007 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 19 to 64.

Donations

During the year, the Group made charitable donations amounting to HK\$1,051,000 (2006: HK\$285,000).

Dividends

The directors do not recommend the payment of any dividend for the year (2006: Nil).

Financial Summary

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years is set out on page 64.

Reserves

Details of movements in reserves of the Group and the Company during the year are set out in note 25 to the financial statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the year are set out in note 10 to the financial statements.

Share Capital

Details of share capital for the year are set out in note 24 to the financial statements.

Share Option Scheme

To comply with Chapter 17 (Equity Securities — Share Option Schemes) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), the Company adopted a share option scheme on 7 November 2003 as approved by the shareholders at the Special General Meeting.

Details of the share option scheme of the Company are set out in note 26 to the financial statements.

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Litigation

Details of the litigation of the Group are disclosed in note 30 to the financial statements.

Borrowings

Details of the borrowings of the Group and the Company at 31 March 2007 are set out in notes 21 and 22 to the financial statements respectively.

Related Party Transactions

Details of the connected party transactions are disclosed in note 33 to the financial statements.

Events After Balance Sheet Date

Details of the significant post balance sheet event of the Group are set out in note 34 to the financial statements.

Directors

The directors who held office during the year and up to the date of this report were:

Executive directors:

Mr. Budiman RAHARDJA (*Chairman*)

Mr. KWAN Kei Chor, Samuel (resigned on 8 May 2006)

Non-executive directors:

Mr. CHEN Zhi Yung

Mr. LO Yuk Lam **

Mr. WONG Kam Wah **

Mr. NG Chun Hung, Lawrence **

** Independent non-executive directors

In accordance with bye-law 182(vi) of the Company's Bye-Laws, Mr. WONG Kam Wah and Mr. NG Chun Hung, Lawrence shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant and Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

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Directors' Service Contracts

Mr. Budiman RAHARDJA has renewed his service agreement with the Company for a period of three years from 1 April 2007 and will continue thereafter unless and until terminated by either party by two months' prior notice. This new service agreement superseded the previous four years service agreement entered into with the Company on 15 April 2003.

Apart from the above, none of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without the payment of compensation other than statutory compensation.

Directors' Interests in Shares, Underlying Shares & Debentures

As at 31 March 2007, details of the interests of the directors and chief executive of the Company in the equity or debt securities of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in ordinary shares of the Company

Name of director	Capacity	Number of ordinary shares	Percentage of issued share capital
Budiman RAHARDJA	Beneficially owned and through a controlled corporation (Note)	138,378,131	41.86%

Note:

Of 138,378,131 shares, 22,396,001 shares were beneficially owned by Mr. Budiman RAHARDJA. He was deemed to be interested in 115,982,130 shares by virtue of the fact that he was interested in the Company's shares through his beneficial shareholding interests in Easy Lead Corporation Limited, which was owned as to 50% by Mr. Budiman RAHARDJA and 50% by his mother, Madam HUANG Feng Mei (formerly known as Madam Wasi Hastuti SRI).

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Directors' Interests in Shares, Underlying Shares & Debentures (continued)

(b) Share options of the Company

Name	Date of grant	Options held at 1 April 2006	Options granted during the year	Options exercised during the year	Options held at 31 March 2007	Exercise price HK\$	Exercisable from	Exercisable until
Budiman	18 Dec 2003	3,305,000	Nil	Nil	3,305,000	0.106	18 Dec 2003	17 Dec 2013
RAHARDJA	18 Dec 2003	3,305,000	Nil	Nil	3,305,000	0.106	18 Dec 2004	17 Dec 2014
	18 Dec 2003	3,305,000	Nil	Nil	3,305,000	0.106	18 Dec 2005	17 Dec 2015
LO Yuk Lam	18 Dec 2003	330,000	Nil	Nil	330,000	0.106	18 Dec 2003	17 Dec 2013
	18 Dec 2003	330,000	Nil	Nil	330,000	0.106	18 Dec 2004	17 Dec 2014
	18 Dec 2003	330,000	Nil	Nil	330,000	0.106	18 Dec 2005	17 Dec 2015
WONG Kam Wah	18 Dec 2003	330,000	Nil	Nil	330,000	0.106	18 Dec 2003	17 Dec 2013
	18 Dec 2003	330,000	Nil	Nil	330,000	0.106	18 Dec 2004	17 Dec 2014
	18 Dec 2003	330,000	Nil	Nil	330,000	0.106	18 Dec 2005	17 Dec 2015
Other employees	18 Dec 2003	2,049,000	Nil	Nil	2,049,000	0.106	18 Dec 2003	17 Dec 2013
	18 Dec 2003	2,049,000	Nil	Nil	2,049,000	0.106	18 Dec 2004	17 Dec 2014
	18 Dec 2003	2,049,000	Nil	Nil	2,049,000	0.106	18 Dec 2005	17 Dec 2015

Save as disclosed above and other than certain nominee shares in the subsidiaries held in trust for the Group by certain directors, as at 31 March 2007, none of the directors and chief executive of the Company was interested in the equity and debt securities of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Directors' Interests in Contracts

No contract of significance to which the Company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' and Chief Executive's Right to Acquire Shares

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

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Substantial Shareholders

As at 31 March 2007, according to the register kept by the Company under Section 336 of the SFO, the following shareholders, other than a director or chief executive of the Company, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Capacity	Number of ordinary shares	Percentage of issued share capital
Easy Lead Corporation Limited	Directly beneficially owned	115,982,130 (Note)	35.09%
Madam HUANG Feng Mei (formerly known as Madam Wasi Hastuti SRI)	Through a controlled corporation	115,982,130 (Note)	35.09%

Note:

These shareholdings are duplicated and refer to the same parcel of shares as set out in the Note to the section headed "Directors' Interests in Shares, Underlying Shares & Debentures" above.

Save as disclosed above, as far as the directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Major Customers and Suppliers

For the year ended 31 March 2007:

- (i) The Group's largest customer and five largest customers accounted for approximately 5% and 12% respectively of the Group's total turnover.
- (ii) The Group's largest supplier and five largest suppliers accounted for approximately 35% and 49% respectively of the Group's total purchases (not including purchases of items which are of capital nature).

None of the directors, their associates, or any shareholders (which to the best knowledge of the directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

Purchase, Sale or Redemption of Own Shares

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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Pre-emptive Rights

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

Public Float

Based on information that is publicly available to the Company and within the knowledge of its directors, the Company has maintained sufficient public float throughout the year ended 31 March 2007.

Audit Committee

The Company has established an Audit Committee in accordance with the code provisions of the Code on Corporate Governance Practices for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and internal control system. The Audit Committee, comprising of the two independent non-executive directors and one non-executive director has reviewed with the management the accounting principles and practices adopted by the Group and has discussed the auditing, internal control and financial reporting matters for the year.

Corporate Governance

The Company has complied with all the applicable code provisions set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules (the "Code") which became effective on 1 January 2005. The Company has complied with the Code throughout the year ended 31 March 2007, except the deviations as disclosed in the "Corporate Governance Report".

Directors' Interest in Competing Business

At 31 March 2007, none of the directors of the Company has interest in competing business required to be disclosed pursuant to rule 8.10(2) of the Listing Rules.

Auditors

The auditors, BKR Lew & Barr Limited, a corporation of Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Budiman RAHARDJA

Chairman

Hong Kong, 19 July 2007